City of Detroit

IRVIN CORLEY, JR. DIRECTOR (313) 224-1076

CITY COUNCIL

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ANNE MARIE LANGAN **DEPUTY DIRECTOR** (313) 224-1078

TO:

COUNCILMEMBERS

FROM:

Irvin Corley, Jr., Director &

Anne Marie Langan, Deputy Director

DATE:

June 10, 2009

RE:

Report on Gaming Tax Revenue through May 2009

For Council's review, the attached schedules present the gaming tax revenue activity through May 2009 and prior fiscal years.

The 2008-2009 budgeted revenue for gaming fees is \$194.78 million. Based on our regular monthly projections, the current analysis projects a deficit of \$22.8 million for this fiscal year.

The city collected \$14.32 million in gaming tax revenue in the eleventh month of the fiscal year, which was 6% greater than the prior month of April. The May 2009 collection was a 4.2% decrease over May 2008. Comparing revenue collections between fiscal years, the first eleven months of FY 2009 show collections of \$158.9 million, compared with the first eleven months of FY 2008 reporting \$165.4 million, a 4.4% drop.

Adjusted gross casino gaming receipts came in at \$117.8 million for the month of May 2009. This represented a 5.79% increase over the prior month and a 4.25% decrease over May 2008. The first eleven months of the current fiscal year gross receipts compared with the same time period in the prior fiscal year shows that receipts are down by 2.1%.

There is not a one-to-one relationship between the adjusted gross receipts and the tax revenue collection increases due to two factors. First, there is the fact that MGM and Motor City casinos began paying the city 1% less because of the permanent casinos opening on October 3 and November 29 of 2007. This reduction to the city is part of state Public Act 306 of 2004, when the legislature amended Public Act 69 of 1997, which was the original casino gaming legislation. P.A. 306 increased the wagering tax

by 6% of which 2% went to the City of Detroit. The caveat was that when the permanent casino had been certified by the state gaming board as having operated for 30 consecutive days and once the city determined the project was complete, 5% of the 6% additional wagering tax would be eliminated, with the remaining 1% allocated to the city where the casino is being operated. Greektown will continue to pay the 6% additional wagering tax – 4% to the state, 2% to the city – until the permanent is open for thirty days and certified by the Administration, which has not yet occurred.

Second, the amended development agreement of August 2002 between the city and the casinos, which is separate from the state law, has all casinos, beginning in January 2006, paying an additional 1% over the state law, plus another 1% when the casino reaches \$400 million in gross receipts in a calendar year. For the third year in a row, due to MGM and Motor City reaching \$400 million in the calendar year, gaming tax collections will spike by \$10.5 million between September and December. MGM did reach \$400 million in early September, and should have transferred to the City the initial \$4.37 million of the additional 1% within 10 days as stipulated in the development agreement. It does not appear that the amended casino development agreement included any penalty for late remittance, which MGM unfortunately has taken advantage of every year. Motor City did reach \$400 million during the month of November and has consistently remitted the funds to the city within the proper timeframe as outlined in the development agreement. It is not projected that Greektown will reach that threshold.

Attachments (9)

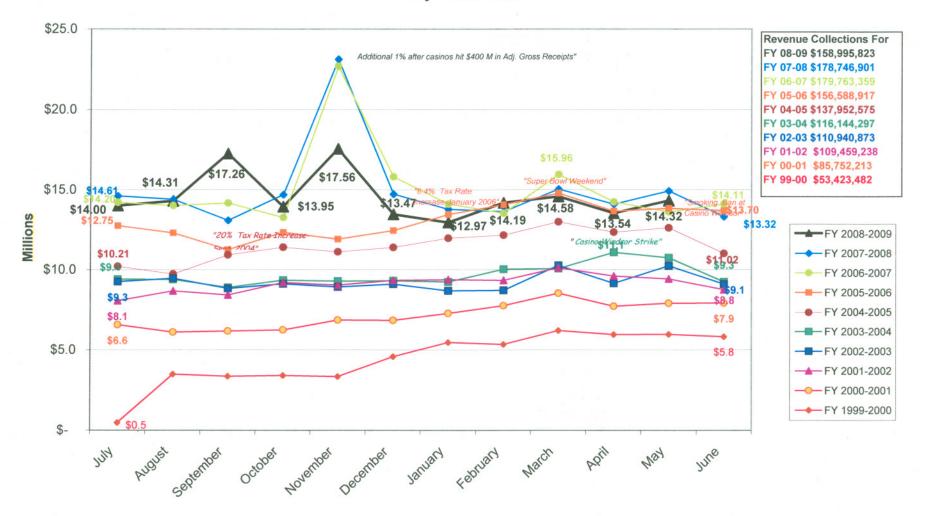
CC:

Council Divisions
Auditor General
Norman White, Finance Director
Pamela Scales, Budget Director
Renee Short, Budget Manager

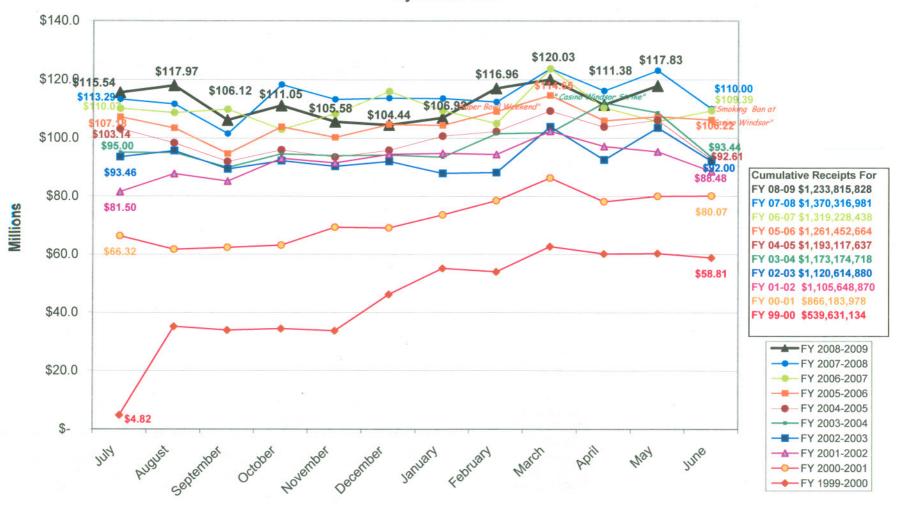
Tanya Stoudemire, Finance - Project Administration

Kamau Marable, Mayor's Office

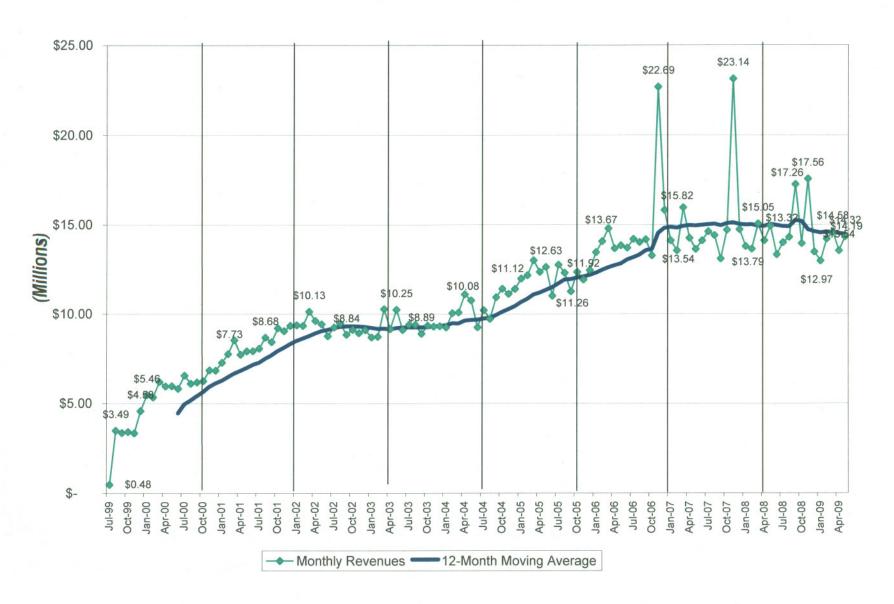
Monthly Comparison Detroit Gaming Tax Collections By Fiscal Year



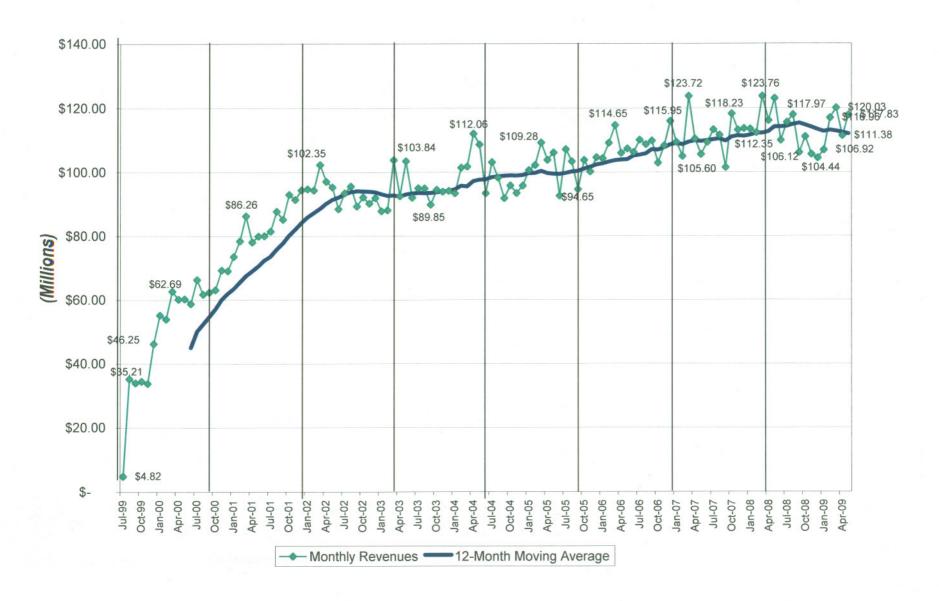
Monthly Comparison Adjusted Gross Casino Gaming Receipts By Fiscal Year



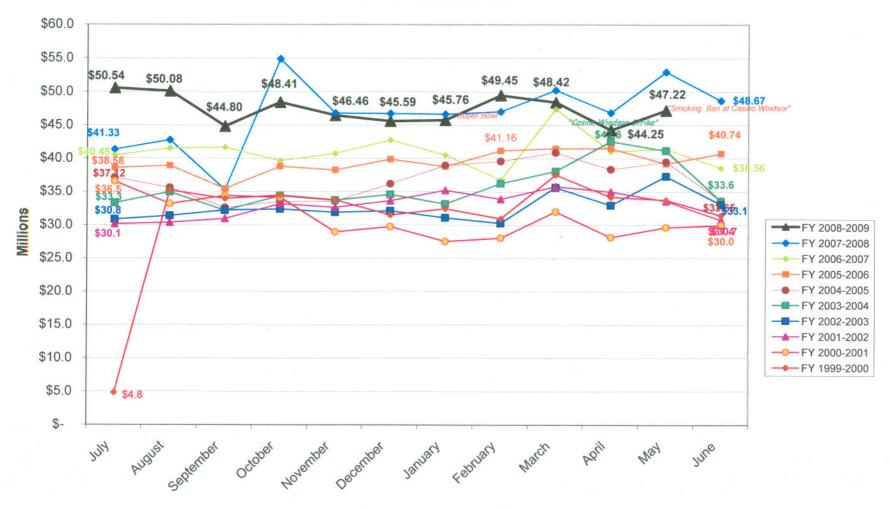
Monthly Detroit Gaming Tax Collections



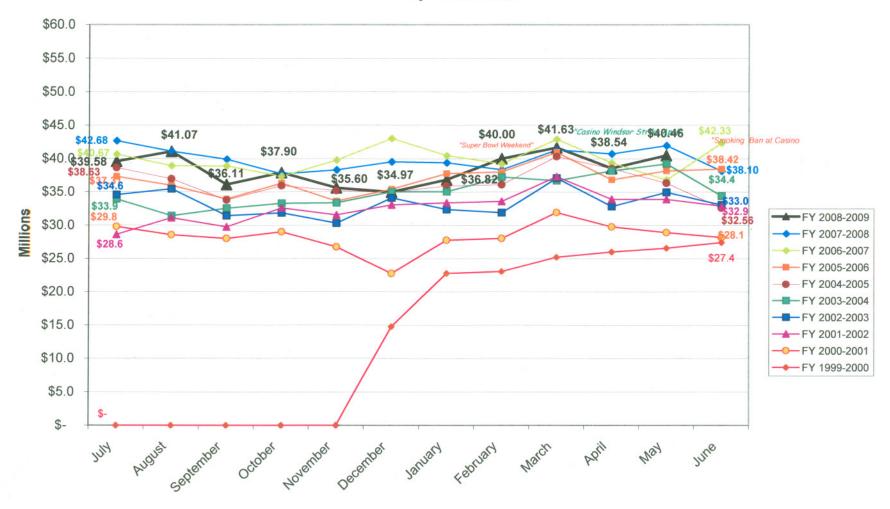
Monthly Adjusted Gross Casino Gaming Receipts



MGM Monthly Comparison Adjusted Gross Gaming Receipts By Fiscal Year



Motor City Monthly Comparison Adjusted Gross Gaming Receipts By Fiscal Year



Greektown Monthly Comparison Adjusted Gross Gaming Receipts By Fiscal Year

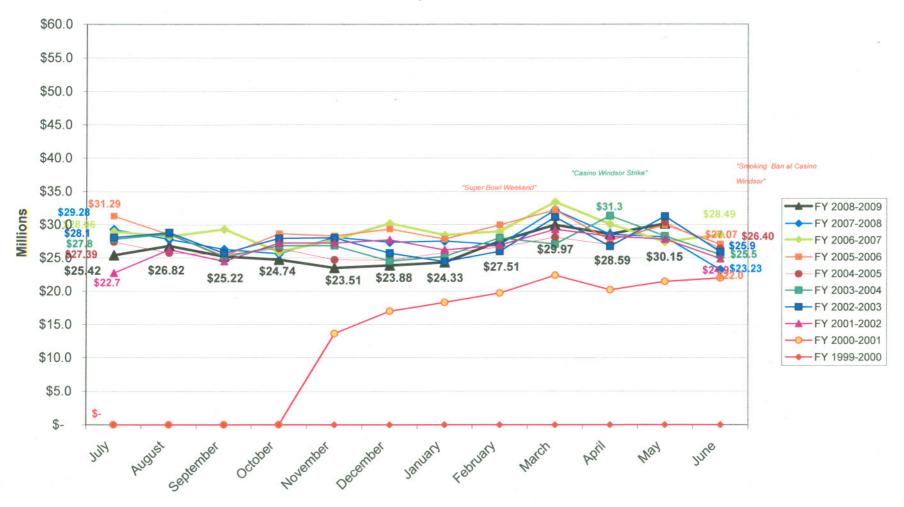


Table 1

Wagering Tax Proj - All Casinos

	Total	Adjusted Gross Receipts	Total Adjusted Gross Receipts	Chng. over prior month		Total Adjusted Gross Receipts	Chng. over prior month	Chng. over prior year	Total Adjusted Gross Receipts	Chng. over prior month	Chng. over prior year	Total Adjusted Gross Receipts	Chng. over prior month	Chng. over prior year	Total Adjusted Gross Receipts
		FY 99-00	FY 00-01			FY 01-02			FY 02-03			FY 03-04			FY 04-05
July	\$	4,818,554.11	\$ 66,323,549.18	12.77%	1276.42%	\$ 81,496,908.67	1.78%	22.88%	\$ 93,464,344.37	5.63%	14.68%	\$ 94,996,882.60	3.26%	1.64%	\$ 103,137,181.92
August	\$	35,206,963.97	\$ 61,725,994.28	-6.93%	75.32%	\$ 87,712,104.68	7.63%	42.10%	\$ 95,624,361.82	2.31%	9.02%	\$ 94,945,297.86	-0.05%	-0.71%	\$ 98,284,018.21
September	\$	33,951,508.55	\$ 62,400,590.64	1.09%	83.79%	\$ 85,194,954.99	-2.87%	36.53%	\$ 89,330,627.77	-6.58%	4.85%	\$ 89,846,284.46	-5.37%	0.58%	\$ 91,879,662.05
October	\$	34,457,655.34	\$ 63,154,788.42	1.21%	83.28%	\$ 93,009,539.88	9.17%	47.27%	\$ 92,160,878.71	3.17%	-0.91%	\$ 94,497,435.81	5.18%	2.54%	\$ 95.876.962.42
November	\$	33,753,191.20	\$ 69,311,190.20	9.75%	105.35%	\$ 91,433,716.17	-1.69%	31.92%	\$ 90,243,781.15	-2.08%	-1.30%	\$ 93,902,353.28	-0.63%	4.05%	\$ 93,449,975.38
December	\$	46,250,828.30	\$ 69,524,423.42	0.31%	50.32%	\$ 94,402,799.35	3.25%	35.78%	\$ 91,920,659.97	1.86%	-2.63%	\$ 94,143,405.98	0.26%	2.42%	\$ 95,793,618.31
January	\$	55,200,849.45	\$ 73,592,001.56	5.85%	33.32%	\$ 94,761,814.26	0.38%	28.77%	\$ 87,887,493.44	-4.39%	-7.25%	\$ 93,418,339.78	-0.77%	6.29%	
February	\$	53,986,302.45	\$ 75,747,462.08	2.93%	40.31%	\$ 94,372,441.05	-0.41%	24.59%	\$ 88,132,675.16	0.28%	-6.61%	\$ 101,448,959.91	8.60%	15.11%	\$ 102.234.696.19
March	\$	62,688,959.46	\$ 86,262,860.21	13.88%	37.60%	\$ 102,350,849.53	8.45%	18.65%	\$ 103,839,988,50	17.82%	1.45%	\$ 101.817.213.41	0.36%	-1.95%	\$ 109.276.275.06
April	\$	60,187,608.42	\$ 78,094,868.65	-9.47%	29.75%	\$ 97,128,696.05	-5.10%	24.37%	\$ 92.518.292.64	-10.90%	-4.75%	\$ 112,058,689.00	10.06%	21.12%	\$ 103,817,060.60
May	\$	60,316,238.91			32.59%			19.17%			8.60%			5.00%	
June	\$	58,812,474.03			36.15%			10.51%			3.97%			1.56%	
TOT RECEIPTS thru FY	\$	539,631,134.19			60.51%			27.65%			1.35%			4.69%	
Receipts thru Cal Yr.						, ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,			, ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,			, ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,			,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
Wagering Tax - pre 9/2004															
(State Law)		9.90%	9.90%			9.90%			9.90%			9.90%			9.90%
Wagering Tax - post 9/2004									2,00			0,000			
(State Law)															11.90%
Wagering Tax - post 1/2006 (Dev. Agrmt)															
Add'l 1% after calendar year hits															
\$400 M (Dev. Agrmt)															
Wagering Tax - post 10/07 - 30								-							
days after permament opens															
(State Law)															
Wagering Tax.FYTD	s	53,423,482.28	\$ 85,752,213.87			\$ 109,459,238.17			\$ 110,940,873.22			\$ 116,144,297.09			\$ 137,952,574,78
AUUT 170 aitel casillo reacries		00,420,402.20	00,702,210.07			100,400,200.17		-	ψ 110,040,075.22			110,144,257.05			\$ 131,552,514.16
\$400M during calendar year															
(Dev Agrmt)															
Total FYTD															
lotal FYTD															
First 11 Month's Receipts	S	480,818,660.16	\$ 786,111,067,10		63.49%	\$ 1,017,164,158,38		29.39%	\$ 1.028.614.516.23		1.13%	\$ 1,079,738,141.04		4.97%	\$ 1,100,504,333.49
									,,,,-,,-,-						
Last 1 Month Ratio of first 11 months to last 1	\$	58,812,474.03	\$ 80,072,911.35			\$ 88,484,712.03			\$ 92,000,364.73			\$ 93,436,577.00			\$ 92,613,303.37
month		12.23%	10.19%			8.70%			8.94%			8.65%			- 8.42%
est. last 1 months of fiscal year															
est. annual collection															
nc. over prev. yr.															
Estimated wagering tax															
Budget	\$	51,500,000.00	\$ 80,700,000.00		56.70%	\$ 95,800,000.00		18.71%	\$ 105,000,000.00		9.60%	\$ 110,000,000.00		4.76%	\$ 117,600,000.00
Surplus/Deficit	\$	1,923,482.28	\$ 5,052,213.87		162.66%			170.36%			-56.51%			3.42%	
Add'l 1% after \$400M			-,,-,						,,		55.5.76			0.1270	20,002,014.10
Adjusted Surplus/Deficit															

Table 1
Wagering Tax Proj - All Casinos

	Chng. over prior month	Chng. over prior year	Total Adjusted Gross Receipts	Chng. over prior month		Total Adjusted Gross Receipts	Chng. over prior month	Chng. over prior year	Total Adjusted Gross Receipts	Chng. over prior month	Chng. over prior year	Total Adjusted Gross Receipts	Chng. over prior month	Chng. ove
			FY 05-06			FY 06-07			FY 07-08			FY 08-09		
July	10.38%	8.57%	\$ 107,183,066.76	15.73%	3.92%	\$ 110,072,837.97	3.63%	2.70%	\$ 113,292,228.	3.57%	2.92%	\$ 115,539,885.15	5.04%	1.989
August	-4.71%	3.52%	\$ 103,404,489.92	-3.53%	5.21%	108,670,718.41	-1.27%	5.09%			2.73%	\$ 117,966,649,27	2.10%	5.679
September	-6.52%	2.26%	\$ 94,646,506.32	-8.47%	3.01%	109.837.729.27	1.07%	16.05%	\$ 101,472,179.	9 -9.11%	-7.62%	\$ 106.123.890.39	-10.04%	4.58%
October	4.35%	1.46%	\$ 103,785,884.07	9.66%	8.25%	102.879.908.44	-6.33%	-0.87%	\$ 118.232.375	16.52%	14.92%	\$ 111,054,369,91	4.65%	-6.07%
November	-2.53%	-0.48%	\$ 100,200,007.05	-3.46%	7.22%	108,282,401.97	5.25%	8.07%	\$ 113,205,571.	6 -4.25%	4.55%	\$ 105,577,595,23	-4.93%	-6.749
December	2.51%	1.75%	\$ 104,627,713.94	4.42%	9.22%	115,954,230,89	7.09%	10.83%	\$ 113.644.454.	0.39%	-1.99%	\$ 104,443,448,24	-1.07%	-8.10%
January	5.06%	7.73%	\$ 104,344,788.88	-0.27%	3.68%	109,395,456.08	-5.66%	4.84%	\$ 113,538,879	3 -0.09%	3.79%	\$ 106,916,307,76	2.37%	-5.83%
February	1.58%	0.77%	\$ 109,110,654.88	4.57%	6.73%	104,978,178,00	-4.04%	-3.79%			7.02%		9.40%	4.11%
March	6.89%	7.33%	\$ 114,646,495.31	5.07%	4.91%		17.86%	7.92%				\$ 120,025,025.84	2.62%	-3.01%
April	-5.00%	-7.35%	\$ 105,961,980,53	-7.58%	2.07%		-10.73%	4.23%				\$ 111,379,057,92	-7.20%	-4.10%
May	2.21%	-2.35%	\$ 107,320,342.18	1.28%	1.14%	105,599,379,09	-4.39%	-1.60%			16.53%	\$ 117,827,962.49	5.79%	-4.25%
June	-12.72%	-0.88%		-1.02%	14.69%		3.59%	2.98%			0.56%	\$ -	-100.00%	-100.00%
TOT RECEIPTS thru FY		1.70%	\$ 1,261,452,664.38		5.73% 5			4.58%			3.87%	\$ 1,233,815,828.04		-9.96%
Receipts thru Cal Yr.			, , , , , , , , , , , , , , , , , , , ,			.,,,			\$ 993,695,395.7		0.0170	\$ 1,043,238,557.78		0.007
Wagering Tax - pre 9/2004 (State Law)												- 1,0 10,000,000		
Wagering Tax - post 9/2004 (State Law)			11.90%											
Wagering Tax - post 1/2006														
(Dev. Agrmt) Add'l 1% after calendar year hits			12.90%			12.90%			12.90	%		12.90%		
\$400 M (Dev. Agrmt) Wagering Tax - post 10/07 - 30						1.00%			1.00	%		1.00%		
days after permament opens (State Law)									11.90	%		11.90%		
Wagering Tax FYTD		18.78%	\$ 156,588,917.02		13.51% \$	170,180,468.54			\$ 168,809,946.9	3		\$ 148,563,437.46		
\$400M during calendar year														
(Dev Agrmt)					\$	9,582,890.79			\$ 9,936,953.9	5		\$ 10,432,385.58		
Total FYTD					\$	179,763,359.33			\$ 178,746,900.8	9	-0.57%	\$ 158,995,823.04		
First 11 Month's Receipts		1.92%	\$ 1,155,231,929.84		4.97%	1,209,843,012.46		4.73%	\$ 1,260,320,648.8	1	4.17%	\$ 1,233,815,828.04		-2.10%
Last 1 Month		-0.88%	\$ 106,220,734.54		14.69% \$	109,385,425.87		2.98%	\$ 109,996,332.9	1	0.56%			
month			9.19%	87		9.04%			8.73	%		8.84%		4 year avg.
est. last 1 months of fiscal year est, annual collection												\$ 109,159,200.55		-0.76%
inc. over prev. yr.														
Estimated wagering tax												\$ 171,985,767.90		-3.78%
Budget		6.91%			30.10% \$	184,850,000.00		20.82%	\$ 193,248,000.0		4.54%	\$ 194,780,000.00		0.79%
Surplus/Deficit		231.24%	\$ 3,588,917.02		\$	(5,086,640.67)			\$ (14,501,099.1	1)		\$ (22,794,232.10)		
Add'l 1% after \$400M												\$ -		
Adjusted Surplus/Deficit										-		\$ (22,794,232,10)		